

# Ask Quinlan Mortgage

*Ask Quinlan Mortgage is a new monthly feature that seeks to clear up common misconceptions about the mortgage process and answer questions related to refinancing, home purchases, and real estate investments. Have a question that you would like to see answered in our monthly feature? Contact Quinlan Mortgage at 401-345-6672, by email at [quinlanmortgage@verizon.net](mailto:quinlanmortgage@verizon.net) or visit our website, [www.quinlanmortgage.com](http://www.quinlanmortgage.com).*

## What Are My Rights As A Homebuyer?

Whether you are purchasing your first home or upgrading into your fourth home, purchasing real estate is an investment decision that can have a huge impact on your financial future. This article will discuss how knowing your rights and making informed decisions about your mortgage could save you thousands of dollars, and help you to avoid unnecessary stress and anxiety.

Before outlining your rights as a homebuyer, we'd like to introduce two central rules of mortgage shopping: (a) *You should be comfortable with your personal mortgage advisor, and (b) He/She should explain the details of the transaction in a way that makes sense to you.* When speaking to your mortgage advisor, you should feel comfortable asking a lot of questions so that you fully understand the process. With that being said, here are some of your specific rights as a homebuyer.

### **You have the right to a written estimate.**

One of your most important rights is the right to a written estimate.

Mortgage advisors are required by law to give you a *Good Faith Estimate*. The Good Faith Estimate is a document that outlines all of the costs that you can be expected to pay when obtaining your mortgage. Although the Good Faith Estimate can be lengthy and a little confusing at first, it can be broken down into two categories: closing costs and prepaid items.

Closing costs should include a description of lender and broker fees. The lender and broker fees, which may include items such as discount points or origination fees, administrative, processing, and underwriting fees, should never vary! What you see on the Good Faith Estimate should be exactly what you see at closing on the HUD-1 settlement statement.

Other closing costs may include attorney settlement and title search charges, title insurance, and recording or transfer charges. These fees generally don't vary, but could change slightly. For example, the recording fee for the deed might vary depending on the town where the home is being purchased. These changes should be minimal and close to the estimations on the initial Good Faith Estimate.

The Good Faith Estimate will also contain a description of your prepaid items, which can include your prepaid interest, taxes, and insurance premiums. The prepaid items are really the only part of the Good Faith Estimate that could vary considerably. For example, the amount of prepaid interest that you pay will depend on the day of the month that the closing occurs. Also, insurance premiums can change if the borrower finds a better deal on the insurance than originally estimated.

You should receive a Good Faith Estimate within three days after a mortgage advisor has taken your application. You can then use the Good Faith Estimate to properly compare quotes when shopping around for the best deal. You should be particularly wary of mortgage advisors who "ball park" or verbally "estimate" costs for you (especially if the costs sound lower than most). Get everything in writing!

**You have the right NOT to experience discrimination.**

As a consumer, you have been awarded some important rights through the Equal Credit Opportunity Act (ECOA) and The Housing Financial Discrimination Act of 1977 (“Fair Lending Notice”). These acts essentially mean that a mortgage broker/lender cannot discriminate against you based on race, color, religion, national origin, sex, marital status, age, or geographic location. If you are denied a mortgage, you should be given reasons for the denial. A mortgage broker/lender must also report action on your application within a reasonable amount of time.

**You have the right to obtain information related to your application and understand how your personal information will be used.**

As a consumer, you have the following rights:

- A right to a copy of your credit report
- A right to a copy of your home appraisal
- The right to know whether the lender that funded your loan will sell the loan and/or its servicing rights on the secondary market
- A right to privacy. A privacy policy should be given to you and should clearly outline whether your information will be shared only with those necessary to facilitate the transaction (e.g., lender) or sold off to third parties for marketing purposes.

**You have the right to choose your attorney, mortgage broker, realtor, and insurance agent.**

It is against the law for anyone to tell you that you must use a certain person or aggressively push you toward any one company!

**You have the right to decide how much you are willing to spend on a home.**

Your mortgage advisor will tell you how much the bank is willing to lend you, based on factors such as your income, assets and debts. However, the amount that the bank is willing to lend you and the amount of money that you are comfortable spending in a given month may be two very different things. Make sure you feel comfortable with the proposed housing payments. Be sure to have an open dialogue with your mortgage advisor about your other interests and goals. For example, do you hope to travel or do you need the extra money to support a particular hobby? If you leverage yourself too much, you can begin to diminish the joy of homeownership or even risk losing your home (Be sure to see next month’s article entitled, “*Tips for Avoiding Foreclosure*”).

**Finally, you have the right to work with someone who will answer all of your questions.**

If you find that you are working with someone who makes you feel neglected, you should walk away and find someone who will answer all your questions and work with you throughout the entire process (which should always include attending the closing!).

As a consumer, you not only have rights, but your business in this competitive marketplace is very valuable and you should be treated accordingly.

*If you are looking to buy a home or re-finance your existing home, or if you have questions or comments about this article, please contact Adam Quinlan at:*

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